

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2146-01  
Bill No.: HB 1009  
Subject: Liability; State Departments; Political Subdivisions  
Type: Original  
Date: April 21, 2011

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Bill Summary: This proposal enacts provisions relating to state contracts.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
General Revenue	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown could be greater than \$100,000)</b>	<b>(Unknown could be greater than \$100,000)</b>	<b>(Unknown could be greater than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Other State Funds	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)
Conservation Commission Funds	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)
State Road Funds	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown could be greater than \$100,000)</b>	<b>(Unknown could be greater than \$100,000)</b>	<b>(Unknown could be greater than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>		<b>FY 2013</b>	<b>FY 2014</b>
Federal Funds	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)	(Unknown could be greater than \$100,000)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown could be greater than \$100,000)</b>	<b>(Unknown could be greater than \$100,000)</b>	<b>(Unknown could be greater than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials at the **Budget and Planning** assume there could be significant statewide impact; however, the provisions of the proposal are unclear. It is likely there would be costs to state agencies due to delayed contracts and additional resources needed to comply with this proposal. Further, a significant number of state agency providers and clientele could be affected because of delayed or eliminated contracts.

Officials at the **Office of Administration's Division of Purchasing** defers to Budget and Planning for impact.

Officials at the **Missouri Department of Transportation (MoDOT)** assume this bill would not have a fiscal impact on MoDOT because it is prohibiting state agencies from contracting the liability of the state for any amount in excess of \$1 million. MoDOT/MHTC never contracts the liability of the state because we are not contracting general taxation powers but instead contract

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ASSUMPTION (continued)

based solely on our dedicated revenue streams. However, this bill could potentially impact our ability to contract General Revenue funds for various Multimodal Operations purposes (transit, waterways, etc.)

Officials at the **Missouri Veterans Commission** assume an unknown impact.

Officials at the **Department of Agriculture, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations** and the **Department of Social Services** defers to Office of Administration.

Officials at the **Department of Economic Development** assume an unknown negative fiscal impact. This proposal could delay the contracting process.

Officials at the **Department of Economic Development's Division of Tourism** assume an unknown negative impact.

Officials at the **State Emergency Management Agency (SEMA)** assume during catastrophic disasters, SEMA contracts with various suppliers and contractors for emergency services and supplies to protect the lives and safety of taxpayers and governmental property. There is the likelihood that Missouri will experience a disaster (like an earthquake) that creates the need for contracts greater than \$1 million. If that is the case, SEMA will need the ability to contract on the same or next day for safety reasons. This legislation will prevent SEMA from having that ability, which will negatively affect our ability to perform our mission. The future cost impact on disasters is unknown.

Officials at the **Missouri Department of Conservation** assume an unknown fiscal impact on the Department, but could be greater than \$100,000 annually if contracts or agreements for projects are delayed or eliminated with federal, state, and private partners. This legislation could delay or eliminate projects, construction, and the Department's cooperation with communities, partners, and other state and federal organizations.

Officials at the **Department of Corrections (DOC)** defers to Office of Administration for the impact on the purchasing/contracting portion of this bill.

Officials at the **Department of Natural Resources** assume the proposal's "prior express consent" would be in addition to the budget process and current statutory approval. The

ASSUMPTION (continued)

department assumes the general assembly would establish processes by which the department could submit contracts for approval several times per year, including obtaining approvals when the general assembly is not in session or in times of emergency.

The following are examples of contracts in excess of one million dollars:

The St. Louis - Jefferson Solid Waste Management District - Region L is allocated more than \$1 million per year. The department and district annually enter into a financial assistance agreement and general terms and conditions for use of the funding.

The department to enter into SRF grants and loans with eligible applicants in accordance with the federal Clean Water and Safe Drinking Water Acts.

The department shall approve or disapprove all applications for loans or financial assistance and received by the department's division of energy on, or prior to, the ninetieth day following the date of application cycle closing.

**DOC** stated that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through incarceration (FY 2010 average \$16.397 per inmate, per day or an annual cost of \$5,985) or through supervision provided by the Board of Probation and Parole (FY 2010 average \$3.92 per offender, per day or an annual cost of \$1,431).

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

ASSUMPTION (continued)

**Oversight** assumes that the conviction and incarceration of only one person would create a minimal fiscal impact of less than \$100,000 annually.

Officials at the **Alcohol & Tobacco Control, Capitol Police, Department of Higher Education, Department of Mental Health, Department of Revenue, Fire Safety, Missouri Gaming Commission, Missouri Highway Patrol, Office of Prosecution Services, Office of the Secretary of State, Office of the State Auditor, Office of the State Courts Administrator, Office of the State Public Defender and the Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

**Oversight** assumes that some agencies receive funding from general revenue, other state funds and federal funds. Oversight for the fiscal note assumes that each of these types of funds will be affected by this proposal. Additionally, Oversight is showing a cost to Missouri Department of Conservation and Missouri Department of Transportation funds. Oversight assumes the affect on the funds is unknown over \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>GENERAL REVENUE FUNDS</b>			
<u>Cost - General Revenue</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS</b>	<b><u>(Unknown could be greater than \$100,000)</u></b>	<b><u>(Unknown could be greater than \$100,000)</u></b>	<b><u>(Unknown could be greater than \$100,000)</u></b>

## OTHER STATE FUNDS

<u>Cost- Other State Funds</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>
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<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(Unknown could be greater than \$100,000)</u></b>	<b><u>(Unknown could be greater than \$100,000)</u></b>	<b><u>(Unknown could be greater than \$100,000)</u></b>
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## CONSERVATION COMMISSION FUNDS

<u>Cost - Conservation Commission Funds</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>
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<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUNDS</b>	<b><u>(Unknown could be greater than \$100,000)</u></b>	<b><u>(Unknown could be greater than \$100,000)</u></b>	<b><u>(Unknown could be greater than \$100,000)</u></b>
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## STATE ROAD FUNDS

<u>Cost - State Road Fund</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>
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<b>ESTIMATED NET EFFECT ON STATE ROAD FUNDS</b>	<b><u>(Unknown could be greater than \$100,000)</u></b>	<b><u>(Unknown could be greater than \$100,000)</u></b>	<b><u>(Unknown could be greater than \$100,000)</u></b>
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## FEDERAL FUNDS

<u>Cost - Federal Funds</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>
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**ESTIMATED NET EFFECT ON  
 FEDERAL FUNDS**

	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>	<u>(Unknown could be greater than \$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill prohibits any department or political subdivision of the state from contracting any liability of the state in excess of \$1 million in any one-year period without the consent of the General Assembly.

Any elected official, director, appointee, or state employee who knowingly violates the provisions of the bill and the Missouri Constitution will be guilty of a class D felony.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

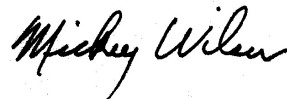
Alcohol & Tobacco Control  
 Budget and Planning  
 Capitol Police  
 Department of Agriculture  
 Department of Corrections  
 Department of Economic Development  
 Department of Elementary and Secondary Education  
 Department of Health and Senior Services  
 Department of Higher Education  
 Department of Insurance, Financial Institutions and Professional Registration  
 Department of Labor and Industrial Relations

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SOURCES OF INFORMATION (continued)

Department of Mental Health  
Department of Natural Resources  
Department of Revenue  
Department of Social Services  
Fire Safety  
Missouri Department of Conservation  
Missouri Department of Transportation  
Missouri Gaming Commission  
Missouri Highway Patrol  
Missouri Veterans Commission  
Office of Administration  
    Division of Purchasing  
Office of Prosecution Services  
Office of the Secretary of State  
Office of the State Courts Administrator  
Office of the State Auditor  
Office of the State Public Defender  
Office of the State Treasurer  
State Emergency Management Agency



Mickey Wilson, CPA  
Director  
April 21, 2011